

LINDA LINGLE
Governor



SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE OKAMOTO
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 Fax: (808) 973-9613

**TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEES ON ECONOMIC DEVELOPMENT & BUSINESS
CONCERNS AND AGRICULTURE
JANUARY 29, 2008
8:30 A.M.**

**HOUSE BILL NO. 2416
RELATING TO AGRICULTURE COOPERATIVES**

Chairperson Yamashita, Chairperson Tsuji and Members of the Committees:

Thank you for the opportunity to comment on House Bill No. 2416. The purpose of this bill is to appropriate funds to contract for the planning and implementation of a statewide agricultural cooperative. The Hawaii Department of Agriculture (HDOA) offers the following comments.

The US has a rich history of successful agriculture cooperatives, which have effectively represented the interests of their members. However, a statewide agricultural cooperative, as proposed, may be too diverse and encompassing to operate efficiently. If the proposed agriculture cooperative tries to represent all segments of the agriculture industry, including secondary industries such as retail, transportation, and finance, etc., as well as, being tasked to address the major challenges facing the agriculture industry today like production, food safety, distribution and marketing, it may lack focus and be ineffective.

We suggest that the planning and feasibility study of a statewide cooperative should evaluate which commodities, products, services and functions are compatible to be addressed together. Once the scope of the cooperative is decided, it would need to evaluate the physical facilities needed, on which islands and the membership charges required to make the cooperative solvent. Further, it isn't clear if the cooperative is intended to be a state entity subject to

sunshine, procurement and civil service laws. If that is not the intention, then it should be made clear that the resulting entity would be a private organization.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

LINDA LINGLE
GOVERNOR
THEODORE E. LIU
DIRECTOR
MARK K. ANDERSON
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
COMMITTEE ON ECONOMIC DEVELOPMENT
and
COMMITTEE ON AGRICULTURE
Tuesday, January 29, 2008
8:30 a.m.
State Capitol, Conference Room 325

in consideration of
HB 2416
RELATING TO AGRICULTURE COOPERATIVES.

Chairs Yamashita and Tsuji, Vice Chairs Wakai and Brower and Members of the House Committee on Economic Development and House Committee on Agriculture.

The Department of Business, Economic Development, and Tourism (DBEDT) takes no position on HB2416 which provides for the planning and implementation of a statewide agricultural cooperative. The Department defers to the Department of Agriculture (DOA) regarding the merits of this bill.

There have been many good ideas introduced this legislative session that support the State's economic development goals. We hope the legislature will see fit to support, pass and fund these ideas, together with the priorities of the Executive's Supplemental Budget. Should

this measure pass, DBEDT will be pleased to work with the DOA in establishing the agricultural cooperative.

Thank you for the opportunity to provide these comments.



Maui County Farm Bureau

*An Affiliate of the American Farm Bureau Federation and Hawaii Farm Bureau Federation
Serving Maui's Farmers and Ranchers*

TESTIMONY

HB2416

HB2417

RELATING TO AGRICULTURAL COOPERATIVES

HEARING BEFORE THE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS COMMITTEE ON AGRICULTURE

Chair Yamashita, Tsuji and Members of the Committees

My name is Warren Watanabe, Executive Director of the Maui County Farm Bureau, a non-profit general agriculture organization and an affiliate of the Hawaii Farm Bureau Federation.

MCFB on behalf of our member farmers, ranchers and agricultural organizations, support the concept of HB2416 and HB2417, establishing a statewide agricultural cooperative.

Across the country, cooperatives are a tested method of providing productivity improvements for agricultural operations. Here in Hawaii, there have been numerous cooperatives. Few have succeeded but many have failed or are struggling. We support the concept of cooperatives, however, are concerned that understanding of why cooperatives have not succeeded in Hawaii must occur. HB2417 provides for planning of the cooperative. We urge that greater emphasis be undertaken to understand the failures of the past and how they can be minimized in the future.

We respectfully request your consideration of this measure.

Respectfully submitted,

Warren K. Watanabe
Executive Director

P.O. Box 148
Kula, HI 96790

ph: 808 2819718
email:mauicountyfb@hotmail.com